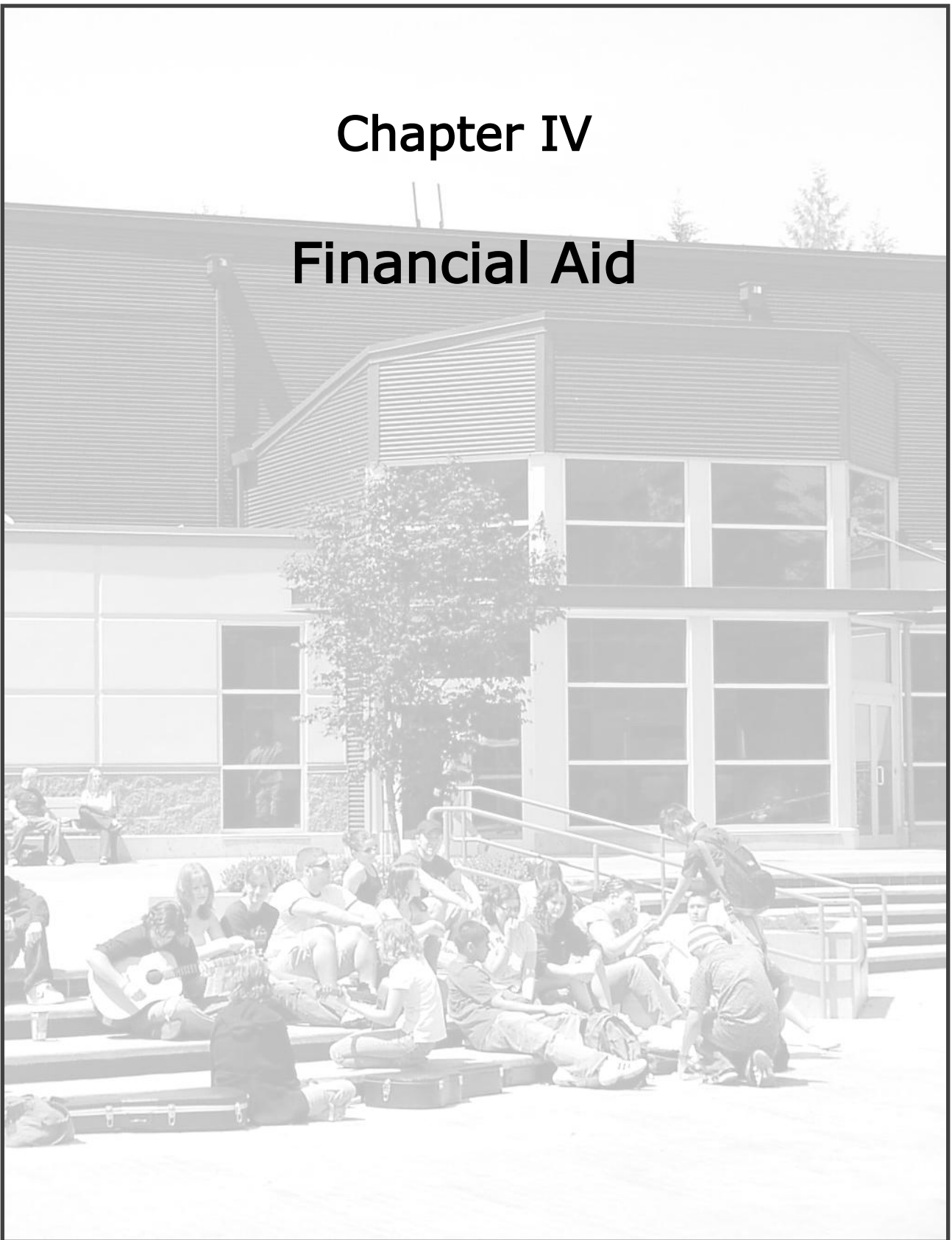


Chapter IV

Financial Aid



Green River Community College

Financial Aid

What is need-based financial aid?

Financial aid helps students pay college costs that exceed the amount the federal government has determined they and their families can pay. In 1969, the Legislature declared, “It is the policy of the state of Washington that financial need not be a barrier to participation in higher education” (RCW 28B.10.786).

In 1977, the state further affirmed this state policy, saying, “It is the intent of the Legislature that needy students not be deprived of access to higher education due to increases in educational costs or consequent increases in tuition and fees.” (RCW 28B.15.065)

Families are expected to bear the primary responsibility of paying for college. When they cannot pay all of the costs, financial aid programs referred to as “need-based” can help with the difference between what it costs and what the family can be expected to pay.

HECB financial aid and grant programs: State general fund appropriations for fiscal year 2008

<u>Program name</u>	<u>Estimated number of students served</u>	<u>Appropriation (dollars in millions)</u>
State Need Grant	72,000	\$182.0
State Work Study	9,713	\$20.3
Educational Opportunity Grant	1,250	\$2.9
Foster Care Endowed Scholarship	TBD	\$.75
Future Teachers Conditional Scholarship	100	\$1.0
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) Scholarships	420	\$1.3
Health Professional Loan Repayment and Scholarship Programs	97	\$2.8
Washington Scholars Program	417	\$2.5
Washington Award for Vocational Excellence (WAVE)	308	\$1.1
WICHE Professional Student Exchange	14	\$.22
Washington Center Scholarship	15	\$.06

Source: Higher Education Coordinating Board. Includes state general fund, education legacy trust, and small amounts of federal LEAP and SLEAP funds.

Note: The HECB also manages indirect forms of aid (i.e., Community Scholarship Matching Grant).

Financial Aid

How much are families expected to pay toward the price of college?

Generally, families with higher incomes are expected to pay a greater share of college costs.

A standard formula determines the amount a family or student is expected to pay. It was developed by the U.S. Congress and is called “federal methodology.”

$$\frac{\text{Student college costs (price of attendance)} - \text{Expected family contribution (EFC)}}{= \text{Financial need/eligibility}}$$

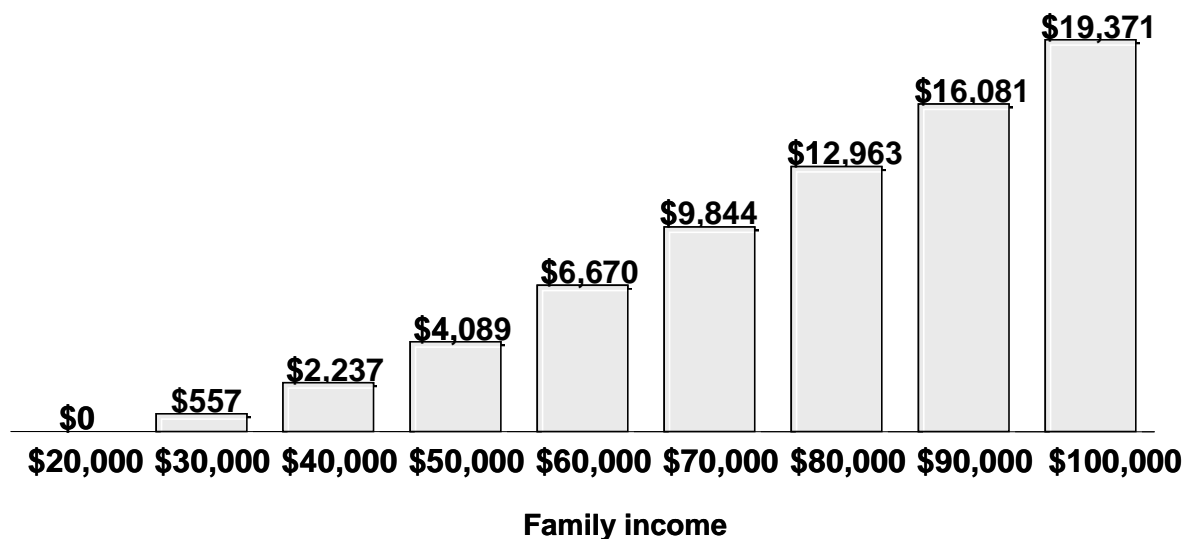
To determine the “expected family contribution,” the student must complete a “Free Application for Federal Student Aid” (FAFSA).

The amount families are expected to contribute is primarily a function of family income, family assets (except home equity/retirement programs), family size, and age of parents, offset by allowances for basic items like living costs.

For example, this chart shows that a family of four with an annual income of \$60,000, with net assets of \$40,000 (not counting home equity or retirement funds) would be expected to pay about \$6,700 toward college costs per year.

State and federal governments have created a variety of financial aid programs, usually administered through colleges and universities, to help meet financial need.

Expected annual family contribution by income level*



*For a family of four with net assets of \$40,000.

Source: Peterson's EFC Calculator, 2007.

Financial Aid

How much financial aid can a student expect to qualify for?

The amount of financial aid a student qualifies for is a function of two main measures:

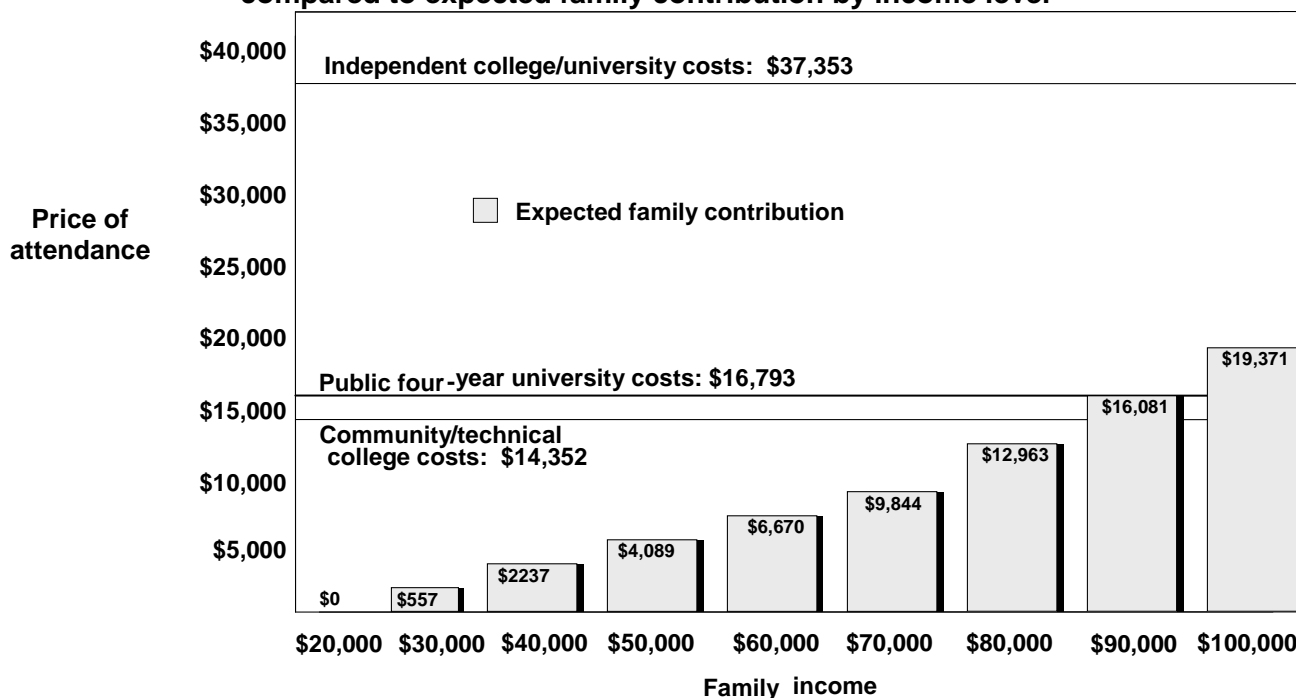
- The cost to attend the institution; and
- The amount the family is expected to contribute.

As the chart below shows, as family income goes up, the expected family contribution generally goes up as well. Consequently, eligibility for financial aid decreases. The gap between the “price of attendance” and the “expected family contribution” represents the amount of aid the student is eligible to receive.

However, very few students – even the poorest – get enough help through grants and scholarships to pay for all of their college costs. A system of combining or “packaging” different types of aid ensures that each student is offered a mix of “gift” assistance (like grants and waivers) and “self-help” (loans and work study).

Financial aid funds are not always available to serve all eligible students. This means that in addition to receiving aid, students may also need to reduce expenses, find employment on their own, or take out personal loans to meet remaining college costs. This chart also explains that at higher-cost colleges and universities, even students from middle- and upper-middle income families may be eligible for some help in meeting college costs.

**Estimated price of attendance
compared to expected family contribution by income level***



*For a family of four with net assets of \$40,000.

Sources: Peterson's EFC Calculator, 2007; Washington Financial Aid Association 2007-08 maintenance budgets; and 2007-08 tuition rates.

Financial Aid

How many of the students who enroll receive need-based financial aid?

More than four of every 10 students enrolled in Washington colleges and universities receive some form of need-based financial aid.

In Washington, about 132,000 students received need-based aid in 2006-07. These students represent about 44 percent of the reported enrolled students. These 132,000 students include those attending accredited private career schools that received state financial aid.

Each year, the Higher Education Coordinating Board collects data from institutions on each student who receives need-based aid. This collection of data or records is referred to as the "Unit Record Report."

Type of institution	Number receiving aid 2006-07
Community and technical colleges	55,506 students
Four-year public	48,017 students
Four-year independent	23,790 students
Private career schools	5,944 students

Source: Higher Education Coordinating Board, *Unit Record Report, 2006-07*.

Financial Aid

What types and sources of need-based financial aid do Washington students receive?

Types of programs

Grants
Work study
Loans

Sources of funding

Federal
State
Institutional and private

Student financial aid received by needy students attending Washington institutions in 2006-07
— Total - \$1.52 billion

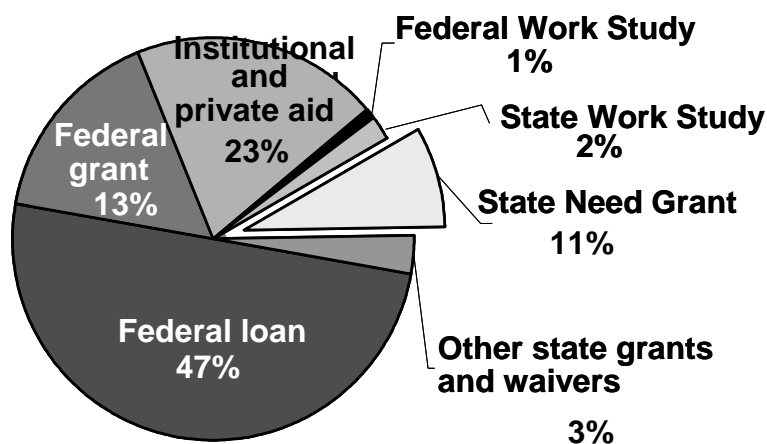
Grants are gifts with an obligation to make academic progress, but they do not need to be repaid.

Work Study is a part-time employment opportunity. **Loans** are given with the requirement that they be repaid with interest in the future, usually after graduation. There are many individual programs within each of these general categories, each with its own policies, purpose, and targeted population.

Much of direct student financial aid comes from the federal government. Today, most of that federal assistance is in the form of loans. State programs were created to complement and coordinate with the federal effort. Washington state programs focus mainly on the provision of need-based grant and work study programs, such as the state's largest program, the **Washington State Need Grant**, created in 1969, and the **Washington State Work Study** program, created in 1974.

The State Need Grant program represents 11 percent of all financial aid awarded to needy students. Students also received assistance from other state aid programs and from federal, institutional, and private sources. Not included in these amounts are federal and institutional aid disbursed by colleges and universities that do not participate in state aid programs (e.g., University of Phoenix and City University) and other financing methods used by students and families, such as private loans, credit card debt, and the impact of federal tax cuts.

Source: Higher Education Coordinating Board, *Unit Record Report*, 2006-07.



Financial Aid

Financial aid programs

Which financial aid programs does Washington provide?

State Need Grant
(RCW 28B.92)

Washington helps keep college affordable through state appropriations to public colleges and universities and through funds for financial aid to individual students.

State financial aid programs are designed to address several public purposes, including opportunity for equitable access, affordability and merit, and employment shortages.

Opportunity for equitable access

State Need Grant

These grants help the state's lowest-income undergraduate students pursue degrees. To be eligible, a student's family income cannot exceed 70 percent of the state's median family income – currently \$50,500 for a family of four.

Maximum grant amounts vary by type of institution – for 2006-07:

Community and technical colleges	\$2,502
Private career colleges	\$2,502
Public comprehensive universities.....	\$4,188
Public research universities.....	\$5,564
Independent universities	\$5,798

State Work Study
(RCW 28B.12)

State Work Study

Through part-time employment, students from low- and middle-income families earn money for college while gaining experience whenever possible in jobs related to their academic and career goals. State Work Study provides a significant alternative to high levels of student borrowing. The average amount earned in 2006-07 was \$2,688.

Educational Opportunity
Grant (RCW 28B.101)

Educational Opportunity Grant

This program provides \$2,500 grants to encourage financially needy “placebound” students to complete a bachelor's degree. To be considered placebound, students must be unable to continue their education without the assistance of this grant because of family or work commitments, health concerns, financial need, or other similar factors. Students must be Washington residents and have completed two years of college.

Financial Aid

Financial aid programs

Passport to College
(RCW 28B.118)

College Bound
Scholarship
(RCW 28B.117)

GEAR UP
(by budget proviso)

Foster Care Endowed
Scholarship
(RCW 28B.116)

Opportunity for equitable access (continued)

Passport to College Promise Program for Foster Youth

This six-year pilot program is designed to encourage and help foster youth prepare for, attend, and successfully complete college. The program will provide foster youth and foster parents with educational planning tools, college support services, and scholarship assistance. The program also includes an incentive grant for institutions that provide special student services for foster youth. The first scholarships and incentive grants will be awarded during the 2008-09 academic year.

College Bound Scholarship

This program is intended to help improve the aspirations of younger students and families who otherwise might not consider college as an option because of cost. The scholarship provides the assurance of four years of tuition, fees, and funds for books to certain low-income students who sign a pledge during their seventh or eighth grade year. By doing so, these students promise to graduate from high school with at least a 2.0 grade point average and demonstrate good citizenship. Students whose families are eligible for free or reduced price lunches or who are foster youth may apply.

The scholarship will be awarded in coordination with the State Need Grant program. The first awards will be paid in fall 2012.

Affordability and merit

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

The GEAR UP program provides scholarships to needy or disadvantaged students who participated in early awareness and outreach programs.

Foster Care Endowed Scholarship

Created in 2005, the purpose of the program is to help students who are in foster care attend an institution of higher education in the state of Washington. The state will annually match up to \$150,000 in privately-donated dollars to create an endowment to fund the scholarship.

Financial Aid

Financial aid programs

American Indian
Endowed Scholarship
(RCW 28B.102)

Washington Scholars
(RCW 28A.600.100-150
and RCW 28B.15.543)

Washington Award for
Vocational Excellence
(RCW 28B.15.545 and
RCW 28C.04.520-550)

Affordability and merit (continued)

American Indian Endowed Scholarship

This program helps students with close ties to the Native American community attend college. The endowment provides about 15 scholarships per year, ranging from \$500 to \$2,000.

Merit

Washington Scholars

This program honors the accomplishments of three high school students from each of the state's 49 legislative districts. Scholars receive state grants that equal up to four years of public undergraduate resident tuition, and must attend college within Washington. High school principals nominate the top one percent of each school's graduating senior class on the basis of academic achievement, leadership, and community service. The maximum award is equal to the value of public-sector tuition and fees. The actual award may be prorated.

Washington Award for Vocational Excellence (WAVE)

Three vocational students from each of the state's 49 legislative districts are recognized for outstanding achievement in vocational-technical education. Recipients receive grants that equal up to two years of undergraduate resident tuition. High schools, skills centers, and community and technical colleges nominate students. The maximum award is equal to the value of public-sector tuition and fees. The actual award may be prorated.

Financial Aid

Financial aid programs

Health Professional
Conditional Scholarship
And Loan Repayment
(RCW 28B.115)

Alternative Routes
(RCW 28A.660)

Future Teachers
Conditional Scholarship
(RCW 28B.102)

WICHE Professional
Student Exchange
(RCW 28B.70)

GET Ready for Math
and Science Conditional
Scholarship
(RCW 28B.105)

Employment shortages

Health Professional Conditional Scholarship and Loan Repayment Program

These programs address the critical shortage of qualified health care professionals statewide. Participating health care professionals agree to provide primary health care service for three to five years in medically-underserved areas or in areas with a shortage of health care professionals. In exchange, they receive either a conditional scholarship or help in repaying school loans. Recipients do not have to be state residents to apply. In 2007, about 268 health professionals worked in underserved areas in Washington as a result of this program.

Alternative Routes

Alternative Routes (through the Office of the Superintendent of Public Instruction) helps school districts recruit teachers in subject matter and geographical shortage areas.

Future Teachers Conditional Scholarship

This program encourages outstanding students and paraprofessionals to become teachers and to obtain additional endorsements in teacher shortage subjects. In return, participants agree to teach in Washington K-12 public schools. Funding was available for 100 recipients in 2007-08.

WICHE Professional Student Exchange

The Western Interstate Commission for Higher Education program pays support fees that approximate the nonresident tuition differential for selected Washington residents going out of state to study in two professional degree programs not offered in Washington – optometry and osteopathy. In 2007-08, awards ranged from \$14,100 to \$17,600 and may be awarded for up to four years.

GET Ready for Math and Science Conditional Scholarship Program

This four-year need-based, conditional scholarship was established for the purpose of providing high school students who excel in math and science with an incentive to major in a math or science program during college. In exchange, scholarship recipients commit to work in a math or science occupation in Washington for three years after completing their baccalaureate degree. The HECB will make the first payments to students in fall 2010.

Financial Aid

Financial aid programs

Other Programs

Washington Leadership 1000 Scholarship Fund Program

Funds for the Washington Leadership 1000 Scholarship are used to match benefactors with disadvantaged students.

Community Scholarship Matching Grant (CSMG)

Community organizations that locally raise at least \$2,000 for college scholarships receive a state matching grant of \$2,000 to be spent for the same purpose. In 2006-07, 100 grants were awarded.

Western Interstate Commission for Higher Education (WICHE) Dues

WICHE dues maintain access to exchange programs and research.

Health Professionals Outreach

Health Professionals Outreach provides funds to contract with the state Department of Health to conduct outreach activities to potential health professionals.

Child Care Grants

Child care grants promote high-quality, accessible and affordable child care for students attending college.

Washington Center Scholarship

The Washington Center Scholarship's purpose is to offset housing and living expenses of students selected to intern in the nation's capital. Internships are arranged through the Washington Center for Internships and Academic Seminars. Appropriated funds are sufficient to assist 15 students attending public four-year institutions with \$4,000 semester-long scholarships.

College Assistance Migrant Program (CAMP)

The Supplemental College Assistance Migrant Program provides state grants to Washington colleges and universities participating in the federal College Assistance Migrant Program. The program helps migrant workers and their children attend college. The state program is currently funded at \$25,000 per year.

Financial Aid

Which students are served in the major state aid programs?

The profile of students served in each program is unique, based upon established program policies and definitions of student eligibility.

State Need Grant, 2006-07

- The program served approximately 66,323 undergraduates.
- On average, these students received \$2,517 in State Need Grant funds.
- The median recipient age was 23 years old.
- 62 percent of students were female.
- 38 percent were dependent on their families for support. The average parental income of these families was \$29,027.
- 62 percent of the students were independent, meaning they had their own households and were not financially dependent on their parents. For these students, the average household income was \$14,636.
- 58 percent of all recipients were white; 9 percent were Asian; 9 percent were Hispanic; 7 percent were African American; 4 percent were Pacific Islander; 3 percent were American Indian; and 10 percent were either of other ethnic backgrounds or did not disclose.

State Work Study, 2006-07

- The program served approximately 9,313 students.
- The average amount earned was \$2,688.
- The median recipient age was 22 years old.
- 66 percent of students were female.
- 88 percent were undergraduates.
- 45 percent were dependent on their families for support. The average parental income of these families was \$42,716.
- 55 percent of the students were independent, meaning they had their own households and were not financially dependent on their parents. For these students, the average household income was \$12,423.
- 63 percent of all recipients were white; 8 percent were Asian; 8 percent were Hispanic; 6 percent were African American; 2 percent were American Indian; 2 percent were Pacific Islander; and 12 percent were either of other ethnic backgrounds or did not disclose.

Financial Aid

Does Washington offer a prepaid college tuition program?

The Guaranteed Education Tuition (GET) program helps families save for college.

To encourage Washington families to save for college, the state Legislature, in 1997, authorized the establishment of an IRS Section 529 prepaid college tuition plan, known as the Guaranteed Education Tuition (GET) Program.

GET, which began operation in August 1998, allows families to purchase tuition units now for use at a later date. These funds are invested and the purchaser is guaranteed a return, which will cover tuition at some future date. Families can purchase between one and 500 units. The state of Washington guarantees that 100 units will cover one year of the state-mandated tuition and fees at the highest-priced public college or university in Washington. Students may use their GET units at any eligible in-state or out-of-state public or private accredited educational institution.

The Committee on Advanced Tuition Payment, commonly referred to as the GET Committee, governs the program. The committee is comprised of the executive director of the Higher Education Coordinating Board, the state treasurer, the director of the Office of Financial Management, and two citizen members. The Higher Education Coordinating Board administers the GET Program, while the State Investment Board oversees its investments.

As of April 30, 2008, Washington families have opened 90,860 accounts valued at over \$1.1 billion. Nearly 10,000 students have used their GET accounts to attend colleges and universities in 49 states and five foreign countries. GET is the nation's fastest-growing prepaid tuition plan in both assets and number of accounts.

The GET Committee annually sets the price of a GET unit, currently \$76. Families can buy units by setting up a customized monthly payment plan or by making lump sum purchases. The annual enrollment period is September 15th through March 31st.

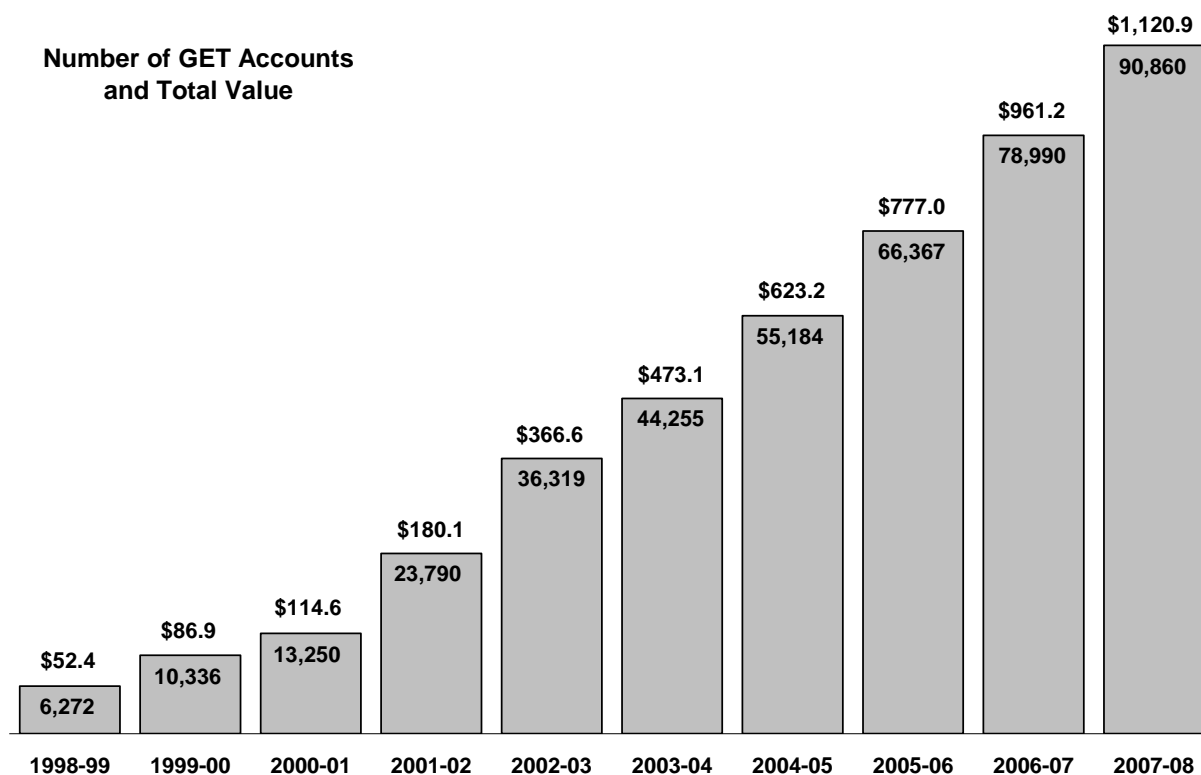
For more information, visit www.get.wa.gov or call 1-800-955-2318.

Financial Aid

Guaranteed Education Tuition (GET)

As of April 30, 2008, Washington families have opened nearly 91,000 accounts, valued at more than \$1.1 billion. About 17.9 million units have been purchased, with payments totaling \$882.7 million.

GET accounts continue to grow at a healthy pace (dollars in millions)



Note: 2007-08 reflects only totals as of April 30th, while all other years reflect totals as of June 30th.

Financial Aid

Does Washington offer pre-college programs for low-income youth?

GEAR UP encourages students to stay in school, study hard, and go to college.

Washington State GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) is a partnership of the HECB, Office of the Governor, University of Washington, College Success Foundation, and local school districts. All together, the state GEAR UP program and nine partnership programs serve approximately 30,000 students in grades 7 through 12.

The Higher Education Coordinating Board administers the state GEAR UP grant. GEAR UP provides direct services to students through the federally-funded Scholars Project and the state-funded GEAR UP for Student Success program.

- The GEAR UP Scholars Project contracts with 12 school districts statewide to provide direct services to approximately 850 low-income and minority students. The program focuses on preparing students for college success by providing intensive tutoring, mentoring, and college/career planning information.
- The GEAR UP for Student Success program contracts with 25 low-income school districts and provides services to approximately 3,400 students. Each contracted district provides college awareness and readiness activities to the 2007-08 ninth grade cohort.
- As a partner of the state GEAR UP Program, the University of Washington offers year-round professional development activities for teachers and summer institutes for GEAR UP participants.
- GEAR UP also supports the College Success Foundation's outreach and counseling support services at 16 selected high schools in the state through its College Preparatory Advisors. The services are aimed at helping low-income and disadvantaged students participate in postsecondary education.

There are nine GEAR UP partnership programs in the state. They are individually awarded grants from the US Department of Education, and combined they serve approximately 27,000 students statewide

